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(1) Japan, US to gear up for missile defense cooperation, extend intelligence sharing network

SANKEI (Page 3) (Full)  
May 20, 2006

Japan and the United States will enter into an intergovernmental study late this month in an aim to build an intelligence sharing system, thereby integrating their respective Aegis ships and ground-based radar to detect ballistic missiles, sources said yesterday. This integration is intended to shape a final agreement recently reached between the Japanese and US governments on the realignment of US forces in Japan with an emphasis on bilateral cooperation in the area of missile defense (MD). In July, the two governments will enter into an agreement on intelligence sharing.

The Japanese and US governments mull sharing intelligence between Japan's Maritime Self-Defense Force and the US Navy through their respective Aegis ships. In addition, Japan is considering the FPS-XX, an advanced ground-based radar system of the Air Self-Defense Force, for bilateral intelligence sharing. In the meantime, the United States will also provide Japan with intelligence from its early warning satellites and also from its X-band radar to be installed in Aomori Prefecture.

This intelligence integration between the Self-Defense Forces and US Forces Japan will make it possible for them to cover different areas in their respective radar activities and to detect and track missiles even more accurately.

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MSDF and US Navy Aegis ships are now already sharing intelligence through a state-of-the-art system called Link-16. This system will link the ASDF's base air defense ground environment (BADGE) system, which will be interfaced with the FPS-XX. In addition, the Link-16 system will be also connected to the US military's X-band radar. Japan and the United States will go through these integral steps to build a new intelligence sharing system.

The X-band radar will be set up in Aomori Prefecture this summer. The Japanese and US governments will conclude an intelligence sharing agreement in July, incorporating information security regulations. The Defense Agency and the US Missile Defense Agency will hold a meeting of their officials in Tokyo late this month to enter into technical studies.

In August, the US Navy will deploy an Aegis ship-loaded with SM-3 missiles to shoot down ballistic missiles-to Yokosuka for the first time. In response to the threats of North Korean and Chinese ballistic missiles, Japan and the United States will enhance their MD intercept capabilities.

(2) Who will elect Japan's prime minister? China's strategic objective remains unchanged

SANKEI (Page 1) (Full)  
May 19, 2006

Hiroshi Yuasa, Tokyo correspondent

These days, there were three interesting news reports on Japan-China relations.

First of all, although Beijing abhors Foreign Minister Taro Aso, it is reportedly ready to resume foreign ministerial talks with him. Why is China ready to do so? Second, the Chinese government has disclosed a diplomatic document that states it once took "generous action" to waive any indictments of 1,000 Japanese war criminals imprisoned in China. Why did China disclose such a document? And third, why did the Keizai Doyukai (Japan Association of Corporate Executives) release at this time

proposals that urge Prime Minister Junichiro Koizumi to give second thoughts to his practice of paying homage at Yasukuni Shrine?

These moves are not unconnected with China having intentionally opted for a more flexible diplomatic tactic toward Japan. However, we should note that though China's tactic may have changed, its strategic objective remains unchanged.

To follow up these developments in chronological order, I see two conceivable reasons for China's tactical shift.

First, Chinese President Hu Jintao recently summoned representatives from seven Japan-China friendship organizations to Beijing. He there strictly ordered them to work on the candidates for Prime Minister Koizumi's position to give up any idea of visiting Yasukuni Shrine. Hu thus has poked his nose into Japan's domestic affairs. This has made it more difficult for pro-China candidates to freely move, perhaps a mixed blessing for them.

The Chinese foreign ministry is said to have advised Hu to avoid

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referring to Yasukuni in his meeting with visiting Japanese delegations. In fact, however, this suggestion did not reach Hu. In the end, Hu has continued to pressure Japan as usual. Chinese officials, particularly the old school of Japan watchers in Beijing, still think that Japan easily caves in to pressure.

Second, the summit meeting between US President Bush and President Hu ended in failure. Hu, encountering in Washington evidence of a rock-solid Japan-US alliance, deemed it impossible to persuade President Bush to accept China's stance of decrying Koizumi's Yasukuni homage. Achieving no significant results, Hu seems to have realized that it will be difficult for the time being to divide Japan and the United States.

Consequently, Beijing has now switched its Japan policy-from saber rattling to hard thinking. China used to denounce the prime minister for his Yasukuni homage. Even worse, China let its naval vessels violate Japan's territorial waters. These incidents are visible. However, China is now trying to engage those Japanese political and business leaders who are pro-Beijing to skillfully maneuver them to move in line with China's interests. Such tactics are difficult to see.

Japanese are naive when it comes to intelligence activities, so this tactic is very difficult to counter in point of fact.

Outwardly, China is making efforts to negotiate with Japan and seems to be trying to soften the Japanese public's backlash. Behind the scenes, however, China is trying to attain its strategic goals through intelligence tactics. However, anti-Japanese feelings remain a nice tool for Beijing to use to hold Chinese people to the communist party. Yasukuni Shrine is therefore very convenient for Beijing to use as a target for a public that has a grudge with Japan.

What is an example of Beijing's intelligence tactic? One is the use of a "honey trap" baited with women. Beijing uses Chinese researchers and others in Japan. Their targets are the Japanese business community and media.

In Taiwan, Xu Wen-long, a pro-independence business leader who supported President Chen Shui-bian, issued a statement of apostasy last year. His company had four firms in China, so everybody felt that he was made to change his mind under pressure. What happened in Taiwan can also happen to Japanese companies as long as they are doing business in China.

In its May 9 proposal, Keizai Doyukai asked the prime minister to reconsider his Yasukuni visits. This reminded me of something close to Xu's statement. Otherwise, I would have thought that the organization might have changed its mind on its own.

Anyway, many considered Keizai Doyukai's proposal as an intervention in the Liberal Democratic Party's presidential election and wonder why this timing. This probably tells us a lot about how intelligence tactics show their true colors.

In dealing diplomatically with Japan, Hu at first just rattled his saber. That is because he knew Tokyo's weakness about Japan being called the "aggressor." China condemns the prime minister's Yasukuni homage as a revival of militarism. However, most Japanese do not believe such charges.

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China, since coming into being as the People's Republic of China, has so far been involved in a total of 11 armed conflicts with foreign countries, such as its war with Vietnam and its invasion of Tibet. Nowadays, we cannot make light of China's expansionism.

What two countries engaged in bilateral relations must do is to respect each other-instead of trying to compel the other side to submit to it. However, it is the lowest of all tactics to try to replace the prime minister of another country. If China wishes to cooperate with Japan instead, the door is always open on our side.

(3) Ruling bloc approves national referendum bill in outline

YOMIURI (Page 4) (Abridged slightly)  
May 20, 2006

Following the major opposition Minshuto's (Democratic Party of Japan) rejection to jointly propose a national referendum bill specifying a set of procedures for constitutional revision, the Liberal Democratic Party and New Komeito formally decided yesterday to independently submit the bill to the ongoing Diet session, approving the bill's outline. The ruling coalition aims to submit the bill on May 26.

The bill is designed to set the voting age at 20 and require voters to indicate approval or disapproval of constitutional revision in their ballots, voiding blank votes.

The bill is totally free of media regulations, such as requiring the media to give "consideration" so as not to influence voters' views. Television and radio broadcasters will be prohibited from airing national referendum-related commercial messages for seven days before the poll.

Minshuto also plans to submit a counter-plan later this month. The largest opposition is calling for lowering the voting age to 18, counting blank ballots as disapprovals, and making other vital national issues subject to national referenda.

The ruling coalition aims for continued talks with Minshuto to reach an agreement on a compromise plan with an additional clause specifying Minshuto's calls as "future challenges." But with the ruling coalition and Minshuto remaining wide apart, national referendum legislation is unlikely to clear the Diet in the current session.

(4) An outline of national referendum bill drafted by ruling coalition

YOMIURI (Page 4) (Full)  
May 20, 2006

#### Overview

All Japanese nationals aged 20 or older shall have the right to vote in national referenda.

#### Publicity

When constitutional revision is initiated, a council shall be established in the Diet to notify the people of a constitutional revision bill.

#### Voting

Each voter shall mark O for approval or X for disapproval of a constitutional revision bill.

Efficacy of national referendum

Amendments to the Constitution shall be approved with the affirmative vote of a majority of all votes cast. The minimum voter turnout shall not be set.

Restrictions

National and local public servants and schoolteachers shall not conduct national referendum-related activities by taking advantage of their position. Television and radio broadcasters shall not air national referendum-related messages for seven days before the voting day.

Initiating constitutional revision

Amendments shall be classified by their content.

Supplementary provision

Constitutional amendments would go into effect two years from the day of promulgation.

(5) Government to resume US beef imports possibly in July after inspecting 35 meatpacking facilities in June, with determination to fully check safety

NIHON KEIZAI (Page 5) (Full)  
May 20, 2006

The Japanese and US governments reached a broad agreement yesterday to start procedures to resume beef trade. The Japanese government intends to officially decide in June to resume imports and approve imports in July. As part of efforts to alleviate consumers' concern about the safety of US beef, both sides have also prepared a framework for the Japanese government to check its safety. Based on this framework, the government will start in late June investigating 35 meat-processing facilities in the US before resuming imports.

Procedures

In the latest three-day talks, the Japanese government closely examined the results of the US government's re-inspections of its domestic safety-management system and came up with the judgment that the US findings were acceptable and contained no problems. Japan has finally paved the way for resuming US beef imports four months after the imposition of the second ban. Prime Minister Junichiro Koizumi told reporters after the end of the talks: "Experts fully discussed the issue and reached a conclusion. So the government will follow their decision. Once both sides agree to import conditions, Japan will resume imports."

The Japanese government will first hold public hearings with consumers to report on the contents of the agreement at about 10 locations across the nation, taking two to three weeks. By explaining Japan's determination to take its own safeguard measures, the government aims to seek public understanding.

Included among the measures agreed on between Japan and the US are inspections by Japanese inspectors at 35 meat-processing facilities in the US before Japan resumes imports, as well as their participation in snap inspections by the US to see if the facilities are observing such requirements as the removal of

specified risk materials and the observation of safety procedures.

After detailing the agreement to the public, the Japanese government will hold a discussion with the US on how to cope with problems that may arise after trade is resumed. In mid-June, before the prime minister's visit to the US, Japan will

officially decide to resume imports. Later, the government will dispatch responsible officials of the Forestry and Fisheries Ministry and the Health, Labor and Welfare Ministry to the US to conduct pre-import inspections.

Japan has decided to allow problem-free meatpacking facilities to export beef to Japan in succession. But the US is calling on Japan to open its market to all facilities simultaneously. Once all facilities are inspected, the Japanese government will give formal approval for imports from the 35 facilities as early as July.

After resuming imports, the Japanese government will constantly check the safety of imports by upgrading its quarantine system at airports and other places, as well as having Japanese inspectors accompany US snap inspections.

(6) Distributors, food services industry still cautious about use of US beef, to closely monitor consumers' responses

NIHON KEIZAI (Page 5) (Full)  
May 20, 2006

The nation's food and restaurant industries have generally welcomed the agreement reached between the Japanese and US governments to resume US beef trade. Based on the view that consumers are taking a tougher look at the United States' management system, many supermarket chains are still cautious about handling US beef.

In announcing his company's financial statement yesterday, Nippon Meat Packers, Inc. President Yoshiaki Fujii said: "It is important to win consumers' confidence. We will be gradually importing products in accordance with the needs of our clients, including distributors and restaurants." Fujii, however, also took this cautious view: "It might take a year or so until market recovery is set." Marudai Food Co. President Tokuo Kudara also said in an earnings announcement: "Distributors remain considerably cautious."

A member of the marketing department of Colowide Co., a leading Japanese-style pub operator, said: "We will carefully monitor what responses consumers and our rivals will make. We will take a more cautious stance than before about using (US beef) on our menus." Rex Holdings, which operates the barbecue restaurant chain store Gyu-Kaku, has arranged a system to use Australian or domestic beef over the past two years and a half since the government imposed a ban on US beef imports the first time.

Supermarkets are also negative about handling US beef. A spokesman of Ito-Yokado Co. said: "We have no plan to place US beef on our store shelves." Aeon Corporation President Okada said: "Out of fear of another case of BSE contamination, consumers might not buy US beef even if the product is put on the shelves."

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When the import ban was removed (last December), Japan Cogeneration Center (CGC), a cooperative buying organization in Shinjuku, Tokyo, with supermarkets across the nation as members, promptly began purchasing US beef. This time, however, "nothing has been decided yet," as said by a CGC spokesman. He added: "In the previous case, a second ban was imposed only three days after we put products on store shelves, throwing cold water on our company's plans."

In contrast, the restaurant chain Yoshinoya D&C Co. is eager to import US beef. The company is ready to exchange information with suppliers and make preparations to put the beef bowl back on its menu. The company has already incorporated earnings from beef bowls in its estimate business results in the latter half of the business year ending in February 2007. Once imports are resumed in July, the beef bowl will be added to its menu in early September at the earliest after a lapse of two years and seven months, with a preparatory period of about two months, including

transportation by ship.

Matsuya Foods Co. President Toshio Kawarabuki also said in an earnings announcement on May 10: "We would like to use US beef in a positive manner," expressing high hopes on the resumption of US beef imports.

(7) Political chaos in Thailand affecting economic relations with Japan, South Korea, FTAs not signed

SANKEI (Page 2) (Abridged)  
May 22, 2006

Tomoo Iwata, Bangkok

A political crisis in Thailand, as evidenced by the April 2 parliamentary elections that were subsequently ruled unconstitutional, has delayed the country's timetable to conclude free trade agreements (FTAs) with Japan and South Korea, casting dark clouds on its economic relations with the two countries.

Although Japan and Thailand reached a broad agreement last summer to sign an FTA that would bring about a major turning point in trade strategy terms, the two governments have yet to do so.

Prime Minister Thaksin was initially scheduled to visit Japan on April 3 to sign an FTA with Prime Minister Koizumi. But the plan was called off due to dissolution in February of the lower house of the Thai National Assembly in the wake of massive protest rallies demanding Thaksin's resignation.

Following the April 2 elections, the lower house planned to call a session in early May. But King Bhumibol criticized the elections, in which only candidates of the ruling Thais Love Thais party ran, as "undemocratic," promoting the Constitutional Court to rule the polls unconstitutional and annul them. As a result, the signing of an FTA with Thailand has further fell behind the schedule.

When Thailand will be able to hold another election remains unclear, as Election Committee members rejected the court's recommendation to resign for mishandling the elections, saying, "The court is trying to blame the Election Committee." The Election Committee proposed new elections for October 22. Even if the question of resignation of the Election Committee was

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settled, chances are that Thailand will not have a new government until November. This means that Japan will not be able to sign an FTA with Thailand until the end of this year. "A further delay in signing a pact may force Japan and Thailand to start FTA talks all over again," a government source said apprehensively.

South Korea also held cabinet-level talks with the Association of Southeast Asian Nations (ASEAN) in Manila on May 16 in which South Korea signed FTAs with all ASEAN members except for Thailand.

Protracted political chaos in Thailand has begun taking its toll on ASEAN's goal of economic integration.

(8) Government soon to purchase 100 million tons of greenhouse gas emissions rights; Early purchase intended out of concern over sharp rise in prices

MAINICHI (Top Play) (Full)  
May 22, 2006

The government will shortly start purchasing rights to emit greenhouse gasses, including carbon dioxide (CO2). As the last resort to achieve the reduction target set under the Kyoto Protocol, it plans to purchase approximately 100 million tons of emissions rights (in CO2 terms) by the 2012 deadline. It intends to begin purchasing such rights before the reduction period starts in 2008 in order to secure such rights on a stable basis at an early date. However, there is a limit to emissions rights

available in the world. In addition, European countries are ahead of Japan in securing such rights, permeating a sense of alarm that if Japan does not take action quickly, it would not be able to secure enough emission rights to reach its targeted amount.

The government will purchase emissions rights mainly through the Clean Development Mechanism. Under the mechanism, if industrialized countries provide technologies and funds for projects for developing countries to cut greenhouse gas emissions, then amounts of carbon emissions achieved by the developing countries can be credited to the industrialized countries. Since most of such projects are carried out by the private sector, the government will purchase emissions rights from the private sector.

Japan has thus far approved 49 CDM projects to be carried out by domestic companies. Major projects include: (1) collecting and degrade HFC23, a greenhouse gas produced as a by-product in the process of producing hydrochlorofluorocarbon (China, India, etc.); (2) wind-power generation (South Korea, Argentina, etc.); and (3) collecting methane gas (Chile, etc.).

The government will advertise for companies that would sell emissions rights to the Japanese government as early as July, and purchase such rights, based on individual negotiations. The government has thus far secured 12.2 billion yen as funds to purchase such rights for a period through 2012. Additional outlays are expected to occur in fiscal 2007 and after. The government plans to cover approximately 1.6% of the amount Japan is mandated to cut under the Kyoto Protocol, by purchasing emissions rights. European countries are ahead of other countries in securing emissions rights. It is said that the Netherlands has already secured emissions rights covering about 80% (or 81 million tons) of its target for about 71 billion yen. In

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addition, emissions rights worth approximately 300 million tons seem to have been already sold.

Demand for emissions rights through 2012 in the world is estimated to reach approximately 700 million tons, while the amount of such supplies is estimated to be at 500 to 1,200 million tons. The average price of emissions right is 5 to 6 dollars per ton, but it is projected that it could go up two to five-fold.

The government intends to stabilize the price of emissions rights by paying part of bills in advance so that it can obtain a certain amount of emissions rights at low prices and at an early date. Chances, however, are the government may face a big increase in such payments, depending on the future movements of the prices.

(9) Divorce society and children; Sharp increase in discord between parents over child support and meetings with children; Children with divorced parents top 270,000

MAINICHI (Page 3) (Excerpts)  
May 19, 2006

The Supreme Court has made a DVD with a drama urging parents facing the crisis of divorce to give priority to their children. Behind this unusual effort is the problem of Japan becoming a "divorce society," with the number of divorces of married couples with underage children topping 160,000, according to a demographic survey in 2004. Taking social measures has become necessary due to an increase in disputes between parents over payments of child-rearing costs and arrangements for parents who have lost child custody in a divorce case to see their children.

The drama starts with the mother of Emi, a first grader at an elementary school, deciding to divorce, because of constant quarrels with her husband over how to balance work and child rearing.

The camera follows the efforts of Emi to deal with the issue. In



an attempt to reconcile her parents, she proposes watching a movie together on TV, but they refuse. She shuts a door and watches TV on her own. On another night, she hears her parents quarrelling over the sharing of the cost of raising her and which side should have custody of their child: "The one who can afford education fees should raise her" or "You should pay portions I cannot afford." Emi prays: "This is perhaps my fault. I will behave myself. So, please do not divorce."

Anxieties stress Emi out. She eventually refuses to go to school, after throwing a temper tantrum at school. The father on her father's side advises the couple: "You can file for arbitration. If you continue to have rows, Emi will continue to be unhappy." The drama realistically visualizes physical and mental changes that occurred in the child, who faces the divorce of her parents.

According to a demographic survey in 2004, underage children whose parents divorced like Emi's topped 270,000. The Ministry of Justice statistics of the same year reveal that the number of arbitrations of those who newly filed for child custody regarding the payments of the cost of rearing children, and negotiations for the parent that lost child custody to see its children after a divorce reached 22,273, which is more than double the number

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ten years ago.

The Family Problem Information Center is an organization consisting of former family court researchers who help broken families by arranging talks for the parent who has lost child custody to see his or her kids. Executive Director Akio Nagata pointed out: "I suppose that since more fathers now take part in child rearing, there are more cases in which husbands and wives fight over child custody or seek arbitration so that they can see their children in compensation for their failed attempt to obtain child custody.

The Osaka family court has made an animated movie. It is designed to convey to parents changes occurring to children whose parents are separated. The court shows the movie to them while they wait for arbitration there. Researchers at the family court have held orientations using images on a PC since 2004. They have urged divorce-bound couples to give consideration to the wishes of their children and their relations with their parents, before deciding which side should have child custody. One researcher said, "Most people take part in an orientation and listen to the video ardently.

This researcher added, "We are making efforts, but the family court can only work on people who use us." Ninety percent of couples divorce amicably. Only 10 % of couples file their case with a family court.

SCHIEFFER